

RAY MINING LC
884 No. Oakwood Ct.
Price, Utah 84

FAX Memo

Pages

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Date: 17 June 94 Time: 12:30

To: D. Wayne Hedberg

Location:

FAX #: 359-3940

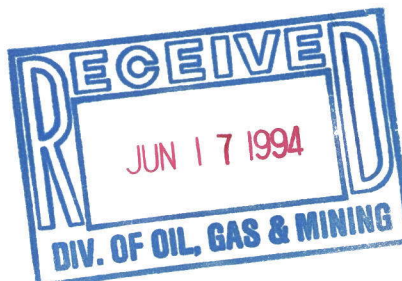
From: Byron H. Ray

Location:

FAX #: 637-2991 Phone #: 637-2991

16 May 1994

Mr. D. Wayne Hedberg
355 West North Temple
Salt Lake City, Utah 84180-1203



Dear Mr. Hedberg:

I am writing in response to your recent request for information in relation to your recent site inspection of our Cudahy Mine site (S/027/043) in Millard County.

On receipt of your letter, I called and spoke to Travis Jones of your office. I explained to him the current situation as best I know it. The situation is as follows:

My father, Byron A. Ray has maintained this property, and a number of surrounding properties, for many years. The property was worked off and on in years past, but in recent years has been mostly idle. Several years ago, Tony Aguire and Steve Aguire of the Diversified Stone Products company in Fillmore contacted dad with the request that they be permitted to remove small quantities of pumice for the purpose of selling to a company who was making stone washed denim. It is my understanding that this agreement was merely a verbal arrangement.

In January, 1993, because of his failing health and memory, my father was placed in a nursing home in Salt Lake City. I was living in New Hampshire at the time, and have recently moved to Utah, in part, to assist dad with some of his business affairs, to clean up his home so it can be sold, and to be a little closer to him.

In the late summer of 1993 I passed through Fillmore to check some of the properties we have, and at that time I spoke to Tony and Steve. They informed me that they were not shipping pumice for stone washed denim any more, but that they were still using it for landscaping and decorative purposes. We had received very little in the way of royalty payments, but shortly after that conversation, we received a small check.

My impression at the time of our visit (based on the royalty payments, and their conversation) was that the amount of material they were removing from the property was minimal. They were, in fact, going to the mine the day I spoke with them, and it appeared that they had a couple of laborers and a small truck which they would be loading by hand.

I expressed my concern to them at the time of our visit that a verbal agreement did not seem appropriate, and that we should formalize the arrangements in writing at some time in the future. This has not yet been done.

Regarding our contact with Mr. Tom Clark I can say that we attempted to work out a lease agreement with him and his partner so they could operate the mine, but we were not able to come to an agreement on all of the terms and conditions for a workable lease. I can say that we found Tom to be honest and pleasant to work with, but we could not say the same for his partner. I feel confident that I can trust Tom when he says that he has not done any work on the property. To my knowledge, there is no connection between Tom and Diversified Stone.

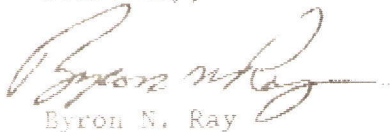
Wayne, your correspondence has raised several questions and concerns in my mind. First, how extensive is the mining being done by Diversified Stone? We have certainly not been informed of any major shipments from the mine. If Hess Pumice is receiving materials from the mine in the amounts suggested by the presence of a tandem truck and trailer being loaded with a front end loader, the operation is much larger than what we have been led to believe based on royalties and verbal conversations.

A second concern centers around the possible size of the operation, and how much of it is recent, and how much is from past operations. I am trying to become informed regarding some of the regulations relating to mining, but this is a new area for me, and I am not as familiar with all of the rules as I hope to be in the future.

I hope this letter, although a bit lengthy, will provide information which will be helpful. I am interested in resolving any problems which may exist, and assure you our full cooperation in this matter.

Please contact me if there are questions, or if there is any further information which we can provide.

Sincerely,


Byron N. Ray

cc: Ruth V. Ray
File: C-445,11r

*I will
send copy
in mail.
My apologies
for slipping
up on getting
this in the
mail room.
Burl*